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COMPANY REGISTRATION NUMBER 53100

SWINDON TOWN FOOTBALL COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MAY 2004

ROSS BROOKE LIMITED
Chartered Accountants & Registered Auditors
21/22 Park Way
Newbury
Berkshire
RG14 1EE



SWINDON TOWN FOOTBALL COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 2004

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SWINDON TOWN FOOTBALL COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	W.H. Carson OBE Mrs S.A. Gray J.S. Wills R.S. Holt
Company secretary	Mrs S.A. Gray
Registered office	21/22 Park Way Newbury Berkshire RG14 1EE
Auditors	Ross Brooke Limited Chartered Accountants & Registered Auditors 21/22 Park Way Newbury Berkshire RG14 1EE
Bankers	National Westminster Bank Plc 30 Market Place Newbury RG14 5GP
Solicitors	Clarke Willmott 1 Georges Square Bath Street Redcliffe Bristol Avon BS1 6BA

SWINDON TOWN FOOTBALL COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MAY 2004

The directors present their report and the financial statements of the company for the year ended 31st May 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a professional football league club.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.50 each	
	At 31 May 2004	At 1 June 2003
W.H. Carson OBE	100,003	100,003
Mrs S.A. Gray	—	—
J.S. Wills	—	283,350
M.J. Devlin	—	—
R.S. Holt	—	—

On 30 September 2003 a majority holding of the company's share capital was acquired by Swindon Town F.C. Limited. The director J.S. Wills has a controlling interest in that company.

M.J. Devlin resigned as a director on 31st July 2004.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Ross Brooke Limited as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



MRS S.A. GRAY
Company Secretary

Approved by the directors on 9/11/05

SWINDON TOWN FOOTBALL COMPANY LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SWINDON TOWN FOOTBALL COMPANY LIMITED
YEAR ENDED 31ST MAY 2004

We have audited the financial statements of Swindon Town Football Company Limited for the year ended 31st May 2004 on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

However, the evidence available to us was limited in relation to balances brought forward from the year ended 31 May 2003 and the comparatives shown in the profit and loss account for the year ended 31 May 2004. Any adjustment to the figures for the year ended 31st May 2003 would have a consequential effect on the loss for the year ended 31st May 2004.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

FUNDAMENTAL UNCERTAINTY

In forming our opinion we have considered the adequacy of disclosures made in note 1 of the financial statements concerning the financial position of the company and the reliance on the support of the company's majority shareholder. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

SWINDON TOWN FOOTBALL COMPANY LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SWINDON TOWN FOOTBALL COMPANY LIMITED *(continued)*
YEAR ENDED 31ST MAY 2004

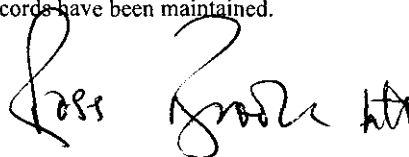
OPINION: DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS

Because of the possible effect of the limitation in evidence available to us when auditing the financial statements for the year ended 31st May 2003, we are unable to form an opinion as to whether the financial statements give a true and fair view of the loss for the year ended 31st May 2004 or of the comparatives shown in these financial statements.

In all other respects our opinion is the financial statements give a true & fair view of the state of the company's affairs as at 31st May 2004, and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the balances brought forward and comparative amounts in these accounts:

- we had not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records have been maintained.



ROSS BROOKE LIMITED
Chartered Accountants
& Registered Auditors

21/22 Park Way
Newbury
Berkshire
RG14 1EE

10.11.05...

SWINDON TOWN FOOTBALL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MAY 2004

	Note	2004 £	2003 £
TURNOVER		3,891,557	2,864,653
Cost of sales		3,631,838	3,238,703
GROSS PROFIT/(LOSS)		259,719	(374,050)
Administrative expenses		1,787,745	1,490,638
Other operating income		(50,041)	(58,784)
OPERATING LOSS	2	(1,477,985)	(1,805,904)
Profit on disposal of players' registrations		110,000	96,706
Exceptional item	3	878,912	—
		(489,073)	(1,709,198)
Interest receivable		1,551	—
Interest payable and similar charges		(115,173)	(233,028)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(602,695)	(1,942,226)
LOSS FOR THE FINANCIAL YEAR		(602,695)	(1,942,226)

The notes on pages 7 to 12 form part of these financial statements.

SWINDON TOWN FOOTBALL COMPANY LIMITED

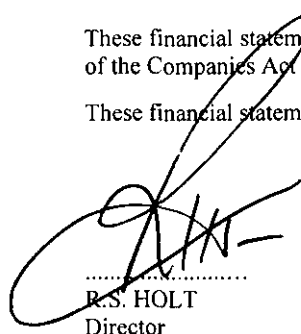
BALANCE SHEET

31ST MAY 2004

	Note	2004 £	£	2003 £	£
FIXED ASSETS					
Intangible assets	4		39,062		14,327
Tangible assets	5		764,677		1,079,757
			803,739		1,094,084
CURRENT ASSETS					
Stocks		72,718		37,632	
Debtors	6	376,279		685,538	
Cash at bank and in hand		278,013		135,613	
		727,010		858,783	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	8,103,971		10,136,394	
NET CURRENT LIABILITIES			(7,376,961)		(9,277,611)
TOTAL ASSETS LESS CURRENT LIABILITIES			(6,573,222)		(8,183,527)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		2,400,000		—
			(8,973,222)		(8,183,527)
DEFERRED INCOME	11		858,926		1,045,926
			(9,832,148)		(9,229,453)
CAPITAL AND RESERVES					
Called-up equity share capital	13		2,250,000		2,250,000
Share premium account	14		2,585,161		2,585,161
Profit and loss account	15		(14,667,309)		(14,064,614)
DEFICIENCY			(9,832,148)		(9,229,453)

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 9/10/05 and are signed on their behalf by:



 R.S. HOLT
 Director

The notes on pages 7 to 12 form part of these financial statements.

SWINDON TOWN FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 2004

1. ACCOUNTING POLICIES

(i) Basis of accounting and going concern

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

In August 2002 the company entered into a five year Company Voluntary Arrangement (CVA). To date, all amounts due under the CVA have been paid. If the CVA successfully completes in August 2007, approximately £900,000 of the company's liabilities will be written off. However, if the CVA fails at any point in time, the CVA liabilities will be due immediately in full. Therefore, these liabilities are included in full as amounts due within one year in the financial statements.

The company became a subsidiary of Swindon Town F.C. Limited during the year. The company has a Facility Agreement with Swindon Town F.C. Limited, by which the company has unlimited access to funds for working capital until 30th August 2008. Sir Seton Wills has, within the same agreement, guaranteed to a third party the obligations of Swindon Town F.C. Limited to the company and has confirmed his intention to use his best endeavours to provide financial support to Swindon Town F.C. Limited to enable it to meet its obligations to the company under the Facility Agreement.

Accordingly the directors have prepared the financial statements on a going concern basis. The financial statements do not reflect any adjustments which would have to be made should this going concern basis prove invalid. The directors do not consider it possible to determine the effect of this with reasonable accuracy, but adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

(ii) Turnover

Turnover is stated net of value added tax and monies due to the Football League, Football Association and visiting football clubs. It reflects gate receipts, associated commercial activities and monies due from the Football Association, League income and other football clubs.

(iii) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Player registrations - over the period of initial contract

(iv) Fixed assets

All fixed assets are initially recorded at cost.

(v) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Ground improvements	-	Over 10 to 50 years straight line
Equipment	-	Over 3 to 10 years straight line

(vi) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(vii) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

SWINDON TOWN FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 2004

1. ACCOUNTING POLICIES *(continued)*

(viii) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

(ix) Transfer and signing-on fees

Transfer fees receivable are credited to the profit and loss account in the year in which the transfer is completed. Those fees that are contingent on subsequent appearances or transfers are dealt with in the profit and loss account in the year in which the relevant appearances or transfers take place. Transfer fees payable are capitalised at cost and amortised in the profit and loss account over the period of the players' contracts.

(x) Grants

Grants of a revenue nature are credited to income in the year to which they relate. Grants of a capital nature are credited to a deferred income account and amortised over the life of the asset to which they relate.

(xi) Income recognition

All income classified as turnover is recognised on an accruals basis.

2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2004 £	2003 £
Amortisation	25,265	47,493
Depreciation of owned fixed assets	315,080	252,885
Auditors' fees	10,000	18,000
Auditors' fees for other services	11,920	19,765

3. EXCEPTIONAL ITEMS

	2004 £	2003 £
Loans payable waived	878,912	—

During the year loan balances and corresponding interest payable totalling £878,912 were waived. These are recognised in full as a credit in the loss for the year ended 31 May 2004.

SWINDON TOWN FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 2004

4. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st June 2003	62,500
Additions	50,000
At 31st May 2004	<u>112,500</u>
AMORTISATION	
At 1st June 2003	48,173
Charge for the year	25,265
At 31st May 2004	<u>73,438</u>
NET BOOK VALUE	
At 31st May 2004	<u>39,062</u>
At 31st May 2003	<u>14,327</u>

5. TANGIBLE FIXED ASSETS

	Land and buildings £	Other plant & machinery etc. £	Total £
COST			
At 1st June 2003	3,474,981	1,090,263	4,565,244
Disposals	(109,442)	(89,706)	(199,148)
At 31st May 2004	<u>3,365,539</u>	<u>1,000,557</u>	<u>4,366,096</u>
DEPRECIATION			
At 1st June 2003	2,594,637	890,850	3,485,487
Charge for the year	217,494	97,586	315,080
On disposals	(109,442)	(89,706)	(199,148)
At 31st May 2004	<u>2,702,689</u>	<u>898,730</u>	<u>3,601,419</u>
NET BOOK VALUE			
At 31st May 2004	<u>662,850</u>	<u>101,827</u>	<u>764,677</u>
At 31st May 2003	<u>880,344</u>	<u>199,413</u>	<u>1,079,757</u>

6. DEBTORS

	2004 £	2003 £
Trade debtors	74,874	398,864
Other debtors	301,405	286,674
	<u>376,279</u>	<u>685,538</u>

SWINDON TOWN FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 2004

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Bank loans and overdrafts	30,115	32,111
Trade creditors	1,915,202	1,864,329
Taxation and social security	1,971,818	1,423,567
Other creditors	4,186,836	6,816,387
	<u>8,103,971</u>	<u>10,136,394</u>

Included in the above total of £8,103,971 are liabilities of £5,383,334 which are part of the Company Voluntary Arrangement (CVA) as described in note 1(i). Under the terms of the CVA £100,000 of this is payable within one year. Should the CVA fail, the whole amount becomes due immediately.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004	2003
	£	£
Other creditors	<u>2,000,000</u>	<u>2,000,000</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Other loans	<u>2,400,000</u>	<u>—</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2004	2003
	£	£
Other loans	<u>2,400,000</u>	<u>—</u>

9. PENSION COMMITMENTS

The Football League operates a Players' Benefit Scheme. This is funded as part of a levy imposed by the League on transfer fees. Additionally, contributions are paid by the company into personal pension plans for certain employees. There is no pension commitment outstanding at the year end.

10. OTHER FINANCIAL COMMITMENTS

The lease relating to the County Ground expires on 31 March 2013. The terms are that the rent payable shall be base rent plus an additional rent of 2% of the company's gross turnover for its previous financial year. The minimum base rent payable is £85,380 per annum, with increases in future years based on movements in the Retail Price Index.

SWINDON TOWN FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 2004

11. DEFERRED INCOME

	2004 £	2003 £
Falling due within one year:		
Grants receivable	50,042	50,041
Season ticket sales	350,570	332,160
Marketing income	—	82,507
Sponsorship income	—	77,060
Other income	11,500	7,302
	<u>412,112</u>	<u>549,070</u>
Falling due after one year:		
Grants receivable	<u>446,814</u>	<u>496,856</u>

12. RELATED PARTY TRANSACTIONS

At the balance sheet date the company had the following loan balances due to related parties:

	2004 £	2003 £
Related companies	3,140,714	—
Directors and connected parties	2,593,534	2,773,551
Significant shareholders	—	889,927
	<u>5,734,248</u>	<u>3,663,478</u>

Loans from directors and connected parties were accruing interest at a maximum of 10%. The maximum balance due to directors and connected parties during the year was £2,773,551.

13. SHARE CAPITAL

Authorised share capital:

	2004 £	2003 £
4,500,000 Ordinary shares of £0.50 each	<u>2,250,000</u>	<u>2,250,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £0.50 each	<u>4,500,000</u>	<u>2,250,000</u>	<u>4,500,000</u>	<u>2,250,000</u>

14. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

15. PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
Balance brought forward	(14,064,614)	(12,122,388)
Accumulated loss for the financial year	<u>(602,695)</u>	<u>(1,942,226)</u>
Balance carried forward	<u>(14,667,309)</u>	<u>(14,064,614)</u>

SWINDON TOWN FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 2004

16. PRIOR YEAR ADJUSTMENT

The accounts for the year ended 31st May 2003 incorrectly included loans payable of £5,928,286 in 'Creditors: Amounts falling due after more than one year'. These loans were either included in the Company Voluntary Arrangement (see note 1(i)) or were repayable on demand, so should have been included in 'Creditors: Amounts falling due within one year'. The comparatives have been adjusted to reflect this correction, which has no effect on the loss for either period.

17. CONTROL

Until 30th September 2003 no shareholder had a controlling interest in the company. At that date the company became a subsidiary of Swindon Town F.C. Limited who acquired a majority shareholding thus becoming the ultimate parent company. That company is controlled by J.S. Wills, who is therefore the ultimate controlling party.

SWINDON TOWN FOOTBALL COMPANY LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31ST MAY 2004

The following pages do not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 3 to 4

SWINDON TOWN FOOTBALL COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MAY 2004

	2004	2003
	£	£
TURNOVER	3,891,557	2,864,653
COST OF SALES		
Opening stock	37,632	25,000
Staff costs	2,708,109	2,736,242
Other direct costs	933,550	467,600
Amortisation of player costs	25,265	47,493
	<u>3,704,556</u>	<u>3,276,335</u>
Closing stock	(72,718)	(37,632)
	<u>3,631,838</u>	<u>3,238,703</u>
GROSS PROFIT/(LOSS)	259,719	(374,050)
OVERHEADS		
Rent, rates and water	151,771	113,144
Light and heat	39,493	50,347
Insurance	18,208	5,713
Ground maintenance	128,709	100,743
Motor expenses	44,195	54,999
Travel and subsistence	169,035	120,435
Vehicle leasing charges	43,200	24,421
Telephone	32,325	39,685
Computer costs	23,267	6,253
Postage, telephone and stationery	51,122	35,783
Training and recruitment	6,313	17,591
Staff welfare	40,056	87,691
Medical expenses	36,891	30,000
Sundry expenses	2,247	3,869
Subscriptions and donations	3,289	-
Fines and penalties	-	20,000
Advertising and public relations	24,377	5,070
Entertaining	1,188	-
Management charges payable	-	123,000
Legal and professional fees	356,846	149,584
Auditors remuneration	21,920	37,765
Depreciation	315,080	252,885
Bad debts written off	31,591	-
Operating lease: Property	169,000	169,000
Operating lease: Equipment	44,514	35,261
Bank charges	33,108	7,399
	<u>1,787,745</u>	<u>1,490,638</u>
	(1,528,026)	(1,864,688)
OTHER OPERATING INCOME		
Release of deferred income grants	50,041	58,784
OPERATING LOSS	(1,477,985)	(1,805,904)
Profit on disposal of players' registrations	110,000	96,706
Exceptional item - loans waived	878,912	-
	<u>(489,073)</u>	<u>(1,709,198)</u>
Bank interest receivable	1,551	-
	<u>(487,522)</u>	<u>(1,709,198)</u>
Interest payable	(115,173)	(233,028)
Carried forward	(602,695)	(1,942,226)

SWINDON TOWN FOOTBALL COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MAY 2004

	2004 £	2003 £
Brought forward	(602,695)	(1,942,226)
LOSS ON ORDINARY ACTIVITIES	<u>(602,695)</u>	<u>(1,942,226)</u>

SWINDON TOWN FOOTBALL COMPANY LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MAY 2004

	2004 £	2003 £
INTEREST RECEIVABLE		
Bank interest receivable	<u>1,551</u>	<u>-</u>
INTEREST PAYABLE		
Bank interest payable	473	10,295
Interest on other loans	<u>114,700</u>	<u>222,733</u>
	<u>115,173</u>	<u>233,028</u>